

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: June 4, 2002

To: The Commission
(Meeting of June 6, 2002)

From: Bill Julian
Office of Governmental Affairs (OGA) — Sacramento

Subject: **SB 1563 (Polanco)** – Telecommunications: services.

As Amended May 20, 2002

Recommendation: Support with amendments

Summary: The bill intends to enhance telecommunications consumer benefits by articulating policies to encourage “*access to state-of-the-art technologies by rural, inner city, low income and disabled Californians*” and to encourage “*fair treatment of consumers*.” The bill requires the Commission to conduct a proceeding and produce a report identifying where telecommunications infrastructure is inadequate, assessing the consequences of this inadequacy, and recommending strategies for encouraging investment to address inadequate infrastructure.

Analysis: The May 20 version of SB 1563 adds new subdivisions “(c)” and “(g)” to Public Utilities (P.U.) Code 709 (Policies for Telecommunications in California). These new subdivisions add to California’s telecommunications policies “*encouraging expanded access to state-of-the-art technologies by rural, inner city, low income and disabled Californians*” in an effort to bridge the digital divide, and “*encouraging fair treatment of consumers through provision of sufficient information for making informed choices, establishment of reasonable service quality standards, and establishment of processes for equitable resolution of billing and service problems*.”

The bill also adds Section 709.1 to the P.U. Code requiring the Commission to, no later than April 1, 2003, “*convene a proceeding to develop a plan for encouraging the widespread availability of advanced telecommunications infrastructure*”, and submit a report to the Governor and Legislature by February 1, 2004. This amendment requires

the Commission to conduct a proceeding and produce a report similar to its "Telecommunications Infrastructure Report" prepared for the Governor in 1993.

The bill requires the Commission to encourage participation in the proceeding by a broad cross section of telecommunications industries, users, community representatives, and community-based organizations, including nonprofit community technology centers and libraries. The bill identifies "*community-based organizations, including nonprofit community technology centers and libraries*" among the participants that the Commission should encourage to participate in the required proceeding.

The schedule imposed by the bill may be problematic in that it requires the Commission to conduct the required proceeding and submit the ensuing report in as little as 10 months. While the Commission may begin the proceeding earlier than the imposed deadline, in doing so it will likely face challenges prioritizing competing resource demands.

Summary of Suggested Amendments

Modify the last sentence under "Add Section 709.2 to the P.U. Code" from "...February 1, 2004" to "...December 31, 2004" to provide the Commission 11 months of necessary additional time to fulfill the requirements of the section.

Fiscal Impact

The bill would require the Commission to incur costs in staff time and other expense to undertake the required proceeding. The additional costs have yet to be determined. However, at minimum, the schedule imposed on the Commission would require the Commission to re-prioritize its current activities to meet its new obligations.

Minimum required resources would include:

- 1- Administrative Law Judge (full-time for some portion of the proceeding) and associated clerical, technical and legal support, and management/supervision.
- 1- Commission Office of Ratepayer Advocates (ORA) staff representative (PURA IV/V) to participate in proceeding (full-time for some portion of the proceeding) and associated clerical, technical and legal support, and management/supervision.
- 1 Telecommunications Division staff person (PURA IV/V, full-time for some portion of and after close of the proceeding) to coordinate, draft, review and distribute required report and associated clerical, technical and legal support, and management/supervision.

Hearing room, reprographic services, court reporting services, mail room, file room support (intermittent throughout the proceeding), and travel expense.

Economic Impact

The economic impact on the regulated community is the cost parties will incur to participate in the required proceeding. This impact will depend upon the number of parties participating and the extent of each party's participation.

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Date: May 30, 2002

BJ:mal

BILL LANGUAGE:

BILL NUMBER: SB 1553 AMENDED
BILL TEXT

AMENDED IN SENATE MAY 1, 2002

INTRODUCED BY Senator Battin

FEBRUARY 20, 2002

An act to add Section 2888.1 to the Public Utilities Code,
relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 1553, as amended, Battin. Telephone services: extended area service.

Existing law authorizes the Public Utilities Commission to regulate telephone corporations. ~~An existing decision of the commission prohibits the filing of new complaints to establish new extended area service routes in the state that allow the extension of the geographic reach of local toll free telephone calls.~~

~~This bill would, notwithstanding that decision of the commission, require the commission to allow the filing of complaint cases seeking to establish new extended area service routes within the state.~~

This bill would require the commission to examine the impact of toll call pricing in the Coachella Valley and to consider whether additional options are needed to serve that area. The bill would require the commission to consider whether any additional steps are necessary to encourage innovative pricing plans by incumbent and competitive carriers and would authorize the commission to consider whether customer education efforts or other measures that are in the public's interest are necessary. The bill would require the commission to provide a report to the Legislature no later than July 1, 2004, regarding these issues.

This bill would provide that its provisions would be repealed on January 1, 2005.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 2888.1 is added to the Public Utilities~~

SECTION 1. The Legislature finds and declares all of the following:

(a) Population and economic growth in the Coachella Valley have outpaced many other areas of the state as residents and businesses have migrated to the area to establish homes, employment, and other community infrastructure.

(b) The local interests of residents and businesses in the early

communities in the Coachella Valley have expanded beyond those early communities to include community links throughout the valley.

(c) Historically, extended area service (EAS) plans were available, prior to the enactment of the federal Telecommunications Act of 1996, for customers located in some established communities of interest to mitigate toll call pricing. However, in Public Utilities Commission Decision 98-06-075, the commission determined that with the advent of competition for toll service, the public's interest would be served by allowing the market to offer customers choices for toll call pricing.

(d) There have been concerns in the Coachella Valley about the impact of toll call pricing upon the greater community of interest and commerce in the valley.

(e) The commission should investigate the effectiveness of the competitive marketplace and consumer awareness in the Coachella Valley and consider options to address these concerns. The commission should consider what additional steps might be necessary to encourage the availability of innovative pricing options by incumbent and competitive carriers for customers concerned about toll call pricing in the Coachella Valley.

SEC. 2. The Public Utilities Commission shall examine the impact of toll call pricing in the Coachella Valley and shall consider whether additional options are needed to serve that area. The commission shall consider whether any additional steps are necessary to encourage innovative pricing plans by incumbent and competitive carriers. The commission may also consider whether customer education efforts or other measures that are in the public's interest are necessary. The commission shall provide a report to the Legislature no later than July 1, 2004, regarding these issues.

SEC. 3. The Legislature finds and declares that due to unique circumstances relating to the Coachella Valley, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

SEC. 4. This act shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date. ~~Code, to read:~~

~~2888.1. (a) Notwithstanding the commission's Decision Number 98-06-075, the commission shall allow the filing of complaint cases seeking to establish new extended area service routes within the state.~~

~~(b) For the purposes of this section, "extended area service" means telephone service authorized in certain designated communities that extends the geographic reach of a local toll-free calling area.~~